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INDONESIA TRADE ASSISTANCE PROJECT (ITAP)

2006 Annual Report

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INDONESIA TRADE ASSISTANCE PROJECT (ITAP)

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ABBREVIATIONS

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
DG	Directorate General
DGITC	Directorate General International Trade Cooperation
EPA	Economic Partnership Agreement
FTA	Free Trade Agreements
GATT	General Agreement on Trade and Tariffs
GATS	General Agreement on Trade in Service
GOI	Government of Indonesia
IATF	Inter-Agency Trade Framework
IT	Information Technology
ITAP	Indonesia Trade Assistance Project
MITP	Masters of Economics in International Trade Policy
MOT	Ministry of Trade
NAFED	National Agency for Export Development
NGO	Non-governmental Organization
PR	Public Relations
PPSD	Public Private Sector Dialogue
STTA	Short-term Technical Advisor
TOEFL	Test of English as a Foreign Language
TPA	Test of Academic Potential
TREDA	Trade Research and Development Agency
WTO	World Trade Organization

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EXECUTIVE SUMMARY

The Indonesia Trade Assistance Project's (ITAP) main programmatic objective is to enhance Indonesia's competitiveness through building the Indonesian Ministry of Trade's (MOT) institutional capacity to plan, analyze, implement and manage a broad agenda of domestic and international trade programs and reforms that are intended to expand the country's exports, improve the investment climate and create new employment opportunities. ITAP's overall project administration and core technical components progressed rapidly during year one, producing a solid foundation to build on in 2007.

Under the auspices of ITAP's economist team's training, one-on-one coaching and technical assistance, in addition to developing the Masters in International Trade Policy (MITP) program, the MOT's Inter-Agency Trade Framework (IATF) personnel successfully expanded their technical ability in year one to analyze, draft and negotiate matters related to WTO subjects and agreements, regional trade negotiations and international trade policy issues. With the successful completion of over forty training sessions, two highly visible roundtables and twenty research consultations, the IATF and Trade Research and Development Agency (TREDA) staff significantly increased their ability to participate successfully in WTO Doha Development Agenda negotiations and other regional trade negotiations; contribute to Free Trade Agreements (FTAs) in partnership with Japan, Australia, the United States, and other relevant countries; and make knowledgeable decisions on various international trade policy issues related to development, investment and competition.

Much progress was also made on the legal front as the MOT's lawyers considerably improved their ability to draft, advise and negotiate throughout a wide area legal trade jurisprudence — from complex international trade agreements and foreign trade law matters such as the WTO and ASEAN, to domestic law, litigation and international dispute settlement. ITAP's legal team conducted 128 training sessions, seminars, and consultations with the MOT lawyers and other relevant parties in the MOT. This includes twenty-seven legal seminars, seven weekly training meetings for the legal bureau and ninety-four legal consultation/mentoring training sessions.

In 2006, ITAP's communications specialist successfully enabled MOT personnel to implement strategies to effectively communicate with stakeholders, including non-governmental organizations (NGOs), academics, business associations and the media. The MOT now has an efficient system in place to develop clear and concise messages with checks and balances, and regularly conducts evaluations for ongoing improvements. Through ITAP's public relations and communications programming, over 250 MOT personnel expanded their knowledge in public relations; seventeen personnel from the Public Relations Bureau learned the importance of communicating Economic Partnership Agreements (EPA); the Directorate General of Domestic Trade developed and continues to maintain effective, ongoing dialogue with various hypermarkets across the nation; and the Minister of Trade successfully engaged fifty foreign and local investors in the Government of Indonesia's efforts and activities to meet their needs.

Through ITAP's human resources and general trainings, the MOT was able to address the essential components needed for an efficiently run, performance-based human resource system. In 2006, the Bureau of Personnel and Organization developed an initial HR Blueprint that provides a vision of how to reorganize its human resource system to run long-term goals, allocate new resources, establish measurable indicators and effectively implement the system in 2007. Additionally, ITAP's general capacity building trainings built a cadre of trainers within the MOT's Center for Trade Education and Training through two train-the-trainer programs; increased fifty-nine MOT personnel's ability to effectively communicate in English through three separate English courses; improved the MOT's knowledge in the WTO through five training sessions and two lectures; and expanded understanding in general HR management for all fourteen MOT Bureau of Personnel staff through weekly internal sessions.

Administration

Ministry of Trade Donor Steering Committee. The Ministry of Trade Donor Steering Committee met in October 2006 to review the progress of the ITAP project from its inception. Chaired by the Secretary General, the Ministry of Trade (MOT) Committee members attending included the Director General of Domestic Trade, Director General of Foreign Trade, Head of TREDA and senior-level representatives from the Directorate for International Trade Cooperation, Inspectorate General, the Planning Bureau and other MOT units. Attending from USAID were Rafael Jabba and Kusumastuti Soepardjo.

The meeting started with an overview of ITAP's key goals, objectives and activities since the project's inception in January 2007. The overview focused primarily on ITAP staffing, a summary of key activities and key statistics relating to the activities undertaken, and number of participants who attend various programs during the period. Presentations on ITAP's activities involving: communications, economics, and law were completed; the presentations on human resource/organizational activities and the IT Blueprint could not be completed due to a lack of time.

The Steering Committee had several questions and observations focusing primarily on the fact that few of ITAP's training programs had been organized for the Directorate of Domestic Trade or Foreign Trade. Questions were also raised about the number of participants reported to have attended ITAP training activities and the Director's General noted that they were not aware that ITAP had organized and presented so many programs.

It was noted that ITAP's Statement of Work is directed at capacity building needs for TREDA and the Legal Bureau, although there have been many participants from Domestic and Foreign Trade, as well as other MOT units other than TREDA and the Legal Bureau. It was also noted, as was explained in the Course Evaluation summary, that the number of participants reported were for each training activity and where a training program extended over several days, participants would be counted for each day attended. Regarding the lack of notification about ITAP activities, a specific response was not given during the meeting but it should be noted that the Secretary General was sent a notification memo for every training activity as well as each DG whose staff would be appropriate candidates for attending such programs. In addition, a list of all of ITAP's activities during the period was provided in each quarterly report that was submitted to the Secretary General and the Planning Bureau. We have learned that in some cases where MOT units handled the communications, the Directorate's Secretary (chief administrative officer for the DG and not the personal secretary) was the addressee and the information may not have filtered up to the Director General.

Overall, the session was very constructive and interactive and has proved useful in planning and refining activities for 2007. ITAP has already taken steps to work with the Planning Bureau to improve the process of informing the Steering Committee members of key activities.

Information Technology. ITAP developed an IT Blueprint to provide a comprehensive assessment of the current state and proposed improvements in fundamental IT components. The initial Blueprint focused on the need to improve network operations, network design architecture, and network security. Based on the MOT's feedback indicating a need for other areas of the Ministry's IT activities incorporated so that the Blueprint could be used as a comprehensive reference document for IT upgrading, the Blueprint was substantially expanded to include revised or new sections on regional office connectivity, data warehousing, website development, hardware procurement, e-government, software procurement and licensing, and staffing.

IT Request for Proposal (RFP). An equally important accomplishment this year was the completion of the draft RFP for ITAP's upgrading and support program for the MOT's information and communications technologies. Preliminary discussions have been held with the MOT to agree on the

process forward and remaining issues should be resolved once the RFP has been finalized. RFP was distributed and responses were reviewed with implementation activities expected to commence in early 2007.

Project Vehicle. Following approval by USAID in July to procure two locally assembled vehicles, ITAP initiated local processing of documents for the tax free purchase. Due to several delays with obtaining and processing the necessary documents, the first vehicle has not yet been delivered. ITAP is optimistic that it will be received in early 2007.

Trade Research and Development Agency (TREDA) and the Inter-Agency Trade Framework (IATF) Coordinated by the Directorate General of International Trade Cooperation (DGITC)

ITAP economists aim to strengthen TREDA and the IATF's capacity through in-depth trainings, seminars, technical assistance and mentoring. To improve TREDA's research skills and ensure policy decisions are made based on solid analysis, ITAP has been providing training and mentoring on research methods, agreements, domestic production and domestic consumption. ITAP has also been coordinating trainings to expand IATF personnel's expertise in matters related to WTO subjects and agreements, the WTO Doha Development Agenda negotiations and other regional trade negotiations; Free Trade Agreements (FTAs); partnership with relevant countries including Japan, Australia, the United States; and international trade policy issues including development, investment and competition. In 2006, ITAP economists organized over forty interactive training sessions, two high-profile roundtables and twenty in-depth research consultations on the above mentioned issues.

A. Training for TREDA Staff to Increase Knowledge in Trade Research: Research Methodology, Statistics and Data Analysis. ITAP trade economists organized on-the-job economic research mentoring and trainings that were led by ITAP short-term technical advisor (STTA) Dr. Stephen Marks. The four TREDA Center directors (Foreign Trade, Domestic Trade, Trade Data and Business Climate) prioritized and selected the economic research topics, including palm oil; cocoa and sugar policy; the measurement and effects of the reduction of tariffs and non-tariff barriers; and forecasting. For each study, TREDA staff examined relevant theories and examined how the nominal adjusted rate of protection, supply and demand, and welfare economy theory applied to these products and policies. Using a combination of individual coaching, user friendly manuals and on-the-job economic research mentoring, TREDA's staff increased their research capacity and Ministry gained new and relevant documents that now serve as useful reference tools.

In a second major activity, ITAP economists assisted TREDA's Foreign Research Trade Center and National Agency for Export Development's (NAFED) Center for Export Information Service in a multi-tiered program to produce a series of comprehensive commodity profiles. ITAP initiated a training / mentoring program to develop MOT "experts" for each commodity. The selected commodities were split into three main groups:

Group	Commodities
Group 1 Major Exports	cocoa, rubber, coffee, coconut, palm oil, shrimp, electronics, automotive components, shoes, furniture, textiles and textile products
Group 2 Other Exports	handicrafts, jewelry, spices, medical appliances, essential oils, fish and fish products, leather and leather products, stationary non paper and processed foods
Group 3 Food Products	sugar, rice, salt, fruits, red pepper and vegetables, wheat, flour, beef, chicken and eggs and milk

The first training session focused on Group 1 commodities and had fifteen TREDA employees and five NAFED employees in attendance. During the session, participants identified international sources of information on the commodities. ITAP economists then worked individually with the employees on these commodities to help develop the methodology, format and individual commodity profiles. Following the training, ITAP economists worked closely with the Head of the Data Services Section of the Trade Data Center in TREDA to complete the commodity profile on palm oil, which examined production, consumption, export and value added. This profile now serves as a model for the other twenty-nine commodities to be completed in 2007. As an additional tool, ITAP economists began creating a step-by-step manual for MOT staff on how to develop commodity profiles.

Finally, in 2006 ITAP economists provided support to TREDA's Economic International Research Study Internship Program by reviewing and editing seven participants' research proposals, as well as assisting with arrangements for employees researching Malaysia's palm oil industry. Upon approval of these proposals, members of TREDA's staff had the opportunity to conduct research abroad for approximately one month. Participants went to Malaysia to research palm oil; to Australia to research a possible FTA; to Japan to research rules of origin and textiles; to Korea to research high technology investment; and to China to research small and medium scale industries.

- B. Training TREDA and IATF on Free Trade Agreements (FTAs).** This activity familiarized and strengthened the expertise of IATF staff and its coordinating secretariat, the DGITC, TREDA and other MOT units in FTAs. Negotiating Free Trade Agreements was a weekly course that provided a practical introduction to free-trade agreements negotiations. The course covered the main steps needed to effectively negotiate, and discussed pressing issues that could arise during free trade negotiations. This training was critical due to the MOT's involvement in negotiations on Economic Partnership Agreement (EPA) with Japan and other FTA negotiations.
- C. Training TREDA and IATF on the World Trade Organization Agreements and Issues.** ITAP organized two significant training activities to strengthen TREDA, IATF and other MOT staffs' expertise and understanding of basic WTO agreements. This was necessary given the importance of the WTO in the world trading system and the current WTO Doha Development Agenda Round negotiation which the GOI has been actively participating in.

In July through September, trade economists organized a survey course on *Development, Trade and the WTO* for approximately fifteen TREDA and DGITC employees each week. Topics included agriculture, industrial goods, services, rules of origin, trade facilitation, gains from trade, world trading system, the WTO and regionalism. ITAP Trade Economists arranged for Indonesian and foreign experts to speak on each subject. These courses provided a broad overview of current trade negotiations and trade policy and served as a foundation for subsequent ITAP training activities.

Additionally, ITAP Trade Economists organized a five-day workshop on The WTO and the Multilateral Trading System. Held in cooperation with the EU Trade Support Programme, the workshop covered the WTO, trade remedies, dispute settlement, trade-related investment issues, and the Agreement on Trade-Related Intellectual Property Rights. The workshop was provided for thirty TREDA and DGITC personnel, and was facilitated by experts from both the United States and the European Union.

- D. Mentoring and Informal Briefing / Training Sessions for TREDA's Staff.** ITAP provided regular mentoring and informal briefing / training sessions for TREDA's staff members, covering the WTO and Doha Development Agenda Round, including Hong Kong Ministerial, ASEAN and the U.S. FTAs. On the research side of FTA, topics included proposal development, research methodology, research problem development, commodity issues and research report development.

In addition, ITAP economists provided mentoring and consultations on twenty TREDAs economic papers; topics are listed in Appendix 1. Future mentoring will include topics on liberalizing agriculture, services and intellectual property rights and other issues as needed. ITAP Trade Economists are located in TREDAs office, enabling them to provide regular and ongoing technical assistance to TREDAs staff on a walk-in basis.

- E. Strengthen and Support TREDAs Linkages with Research Institutions and Universities.** In 2006, ITAP formally launched the Master’s in International Trade Policy (MITP) Program at the University of Indonesia. The MITP program aims to build and strengthen the MOT’s capacity to analyze, negotiate and implement bilateral, regional and multilateral trade agreements. This program is the first of its kind in Indonesia and will develop a cadre of MOT employees with the necessary skills to effectively plan, manage and implement trade policies that will foster economic growth, reduce poverty and generate new opportunities for employment. The impetus for an advanced degree program came directly from the MOT’s ever-increasing need for higher educated, better trained and more qualified employees to work in today’s competitive economic environment.

The MITP program specifically focuses on numerous areas of advanced trade policy including International Trade Theory and Policy; Economic Development Planning; Political Economy in International Trade and Economic Institutions; as well as Macro and Microeconomics. ITAP provided each student with a new laptop, most courses are conducted English to give Indonesian trade policy makers and negotiators a solid command of the WTO language. Additionally, classes are supplemented with lectures from leading foreign and Indonesian trade policy experts as well as visiting foreign professors with expertise in trade policy issues. The 2006 – 2007 academic year is comprised of twenty-two MOT employees, including fourteen men and eight women. In 2007 – 2008, twenty-three more MOT employees will participate in the program. MITP is a joint partnership between MOT, the University of Indonesia’s Faculty of Economics, USAID and ITAP.

- F. Technical Assistance to Inter-Agency Trade Framework and Its Coordinating Secretariat the Directorate General of International Trade Cooperation (DGITC).** The MOT has requested technical assistance in developing their interagency processes to ensure that, while each relevant stakeholder participates in the process, it is the national interest that controls the direction of policy and negotiating positions. To meet this need, ITAP organized a three-day workshop on the WTO General Agreement on Trade in Services and the Regional Trade Agreements on Trade in Services with the World Bank Institute in Jakarta. The workshop enabled staff from the ministries and institutions of the GOI to understand the General Agreement on Trade in Services (GATS) and develop essential knowledge and skills to evaluate service agreements and make trade in services offers for multilateral, regional and bilateral trade negotiations. Approximately thirty-five junior and mid-level staff of the MOT, and other GOI ministry staff and private sector officials attended. Participants discussed specifics of the GATS Agreement in addition to general conceptual issues on global trade in services; examined service sectors that Indonesia is interested in opening domestically and abroad; and developed a greater understanding and expertise in making and evaluating service requests.

Following the workshop, a one-day roundtable was held on Developing Strategies in Trade in Services Negotiations in cooperation with the World Bank for approximately forty senior level staff of the MOT and other GOI ministry staff. Participants reviewed the current status of the Doha Development agenda negotiations on trade in services, and reviewed current practices and structures of bilateral and regional free trade agreements and negotiations in trade in services. Participants also worked on developing new strategies to promote Indonesia’s export interest in services, and to meet Indonesia’s domestic import needs in services. Following the roundtable, ITAP economists followed-up the recommendation to assist the GOI to develop a ten-member MOT International Trade in Services Unit which is expected to be officially launched in early

2007. ITAP will help train its members with the assistance of STTA consultant Dr. Sherry Stephenson and other international trade in services experts.

In September 2006, EU and ITAP launched an innovative skill-building program to increase the MOT's capacity to analyze, negotiate and implement WTO trade agreements. This initiative was designed specifically to better prepare the MOT for the next round of WTO ministerial negotiations. With these newly acquired trade analysis and negotiation skills, ITAP MOT officials will not only be able to better develop their own positions, but once negotiations resume, they will also be able to negotiate for overall better outcomes.

Finally, ITAP provided technical assistance to the IATF and DGITC in intellectual property. At the request of the Deputy Director for TRIPS and Services of the WTO Affairs Office, ITAP organized a roundtable on current IPR issues in the WTO Doha Development Round Agenda for twenty-five middle and senior staff members of the Interagency Negotiating Committee on Intellectual Property and TRIPS. The roundtable covered registration, notification and higher level of protection for non-wine / spirit geographical indications under TRIPS Copyrights, TRIPS, Biodiversity and Traditional Knowledge, and non-violation complaints and situations under GATT XXXIII.

G. WTO Seminars Program. ITAP's WTO-Multilateral Trading System workshop consisted of eighteen sessions that were delivered by EU and ITAP economists and legal experts. The five-day workshop was designed specifically for MOT officials, Indonesia's private sector and civil society organizations, as well as for other experts who use WTO rules and frameworks in their daily work responsibilities. Using interactive approaches throughout the workshop, participants were not only able to learn, but also able to discuss a wide range of international trade subjects, each offering different perspectives and ideas. Participants debated current issues regarding WTO rules, institutions, and implementation challenges that Indonesia faces as a developing country. This dialogue between public and private sector officials contributed to developing a future common Indonesian viewpoint on international trade policy. These discussions and negotiations, if continued, will directly assist Indonesia to bring in the necessary perspectives to allow it to overcome normal developing country handicaps.

H. Mentoring and Informal Briefing / Training Sessions for IATF and DGITC Staff.

ITAP held a series of mentoring sessions with staff from the Directorate Bilateral Cooperation of the DGITC on the U.S. Singapore FTA negotiations. These sessions helped to better prepare Indonesia for current and possible future FTA discussions and negotiations. Specific details of the sessions can be found in Appendix 1.

ITAP economists also partnered with the MOT and the U.S. Commercial Center to hold an informational briefing for twenty-three newly appointed MOT attachés that were preparing to take up their overseas positions in mid-December, including one in Washington. U.S. Commercial Center Officer, Richard Rothman, provided the new attachés with an overview of the U.S. Commercial Center's services, including market research, organizing trade events, facilitating introductions of qualified buyers and distributors, and counseling through the export processes. Four Indonesian Commercial Specialists described their work in the U.S. Commercial Center, igniting a lively discussion about roles and responsibilities, lessons learned, challenges and best practices from their own experiences.

Legal Bureau

ITAP legal team's goal is to strengthen the MOT's overall legal capacity by developing organizational and technical capabilities of the MOT's lawyers. ITAP's legal team has carried this goal out by helping the MOT's lawyers to raise their proficiency through training, mentoring and individual technical assistance. In 2006, the ITAP Legal Team held 128 training sessions, seminars, and consultations with various parties in the MOT; details are included in Appendices 2 and 3. This includes twenty-seven legal seminars, seven weekly training meetings for the legal bureau and ninety-four legal consultation/mentoring training sessions. Through these training opportunities, ITAP has been working to improve the range of knowledge and skills of the Legal Bureau's lawyers in areas including: legal drafting, advice and negotiation on international trade agreements such as the WTO and ASEAN, foreign trade law matters and trade cases, domestic law, litigation and international dispute settlement, and legislative and regulatory initiatives.

ITAP provided mentoring to the Legal Bureau and other MOT lawyers and officials through cases and consulting. Legally trained personnel working inside and outside the Legal Bureau have also had the opportunity to participate in many of the special legal courses and other training sessions offered to all MOT lawyers. In strengthening the Legal Bureau and training other lawyers working in the MOT, ITAP also assisted the MOT to improve its operational performance of legal services. This enhanced the value of legal advice provided to MOT officials thereby helping to improve their ability to perform their duties.

A. Technical Support to Legal Bureau Organization. Currently, the Legal Bureau is seen as a place to review drafting rather than as a broader resource. The Legal Bureau is the legal office for the Secretary General's Office and serves as the final approval point (the "final hurdle") for all legal work before going to the Minister for approval. Substantive aspects of trade issues are therefore handled by the DGs and Agencies (the "Clients"). As a goal, the Legal Bureau could be envisioned as a broad provider of legal services to the MOT, or initially as part of a set of MOT key legal units providing such services.

However, Article 65 of the Ministerial Regulation (Regulation of the Minister of Trade No. 01/M-DAG/PER/3/2005, dated 22 March 2005) establishing the Legal Bureau provides a narrow mandate on the analysis and drafting of laws. The narrow functional role specified in the Ministerial Regulation reinforces the real and perceived notion that the Legal Bureau's role is limited principally to being the final approval point within the MOT on legal drafting. The MOT will need to further consider whether the Legal Bureau should remain primarily an approval point within the MOT on legal drafting, or whether a broader function should be pursued. It has said a broader role is desired, but few actions have been taken to alter the status quo.

Reorganization is a key part of strengthening the Legal Bureau, and it will be addressed concretely as a part of a strategic blueprint that ITAP has been evaluating and will prepare in 2007 for achieving a consolidated General Counsel office for the MOT. ITAP has found that there is little coordination of legal needs and resources in the MOT, and is working with the MOT to develop suggestions to address this shortfall. These measures will help the MOT operate better on legal matters, and could be used as stepping stones toward having a General Counsel office. The delay in establishing the new management of the Legal Bureau due to transfer of its Director has slowed this process of organizational evaluation.

B. Consulting on MOT Legal Organization. In connection with the blueprint for a General Counsel office, ITAP's legal team has considered how the MOT functions in legal matters and is developing proposals for enhanced organization of MOT legal matters. ITAP had contacts with the Secretariats of the three DGs and made new contacts with many of the lawyers working there.

ITAP's legal team will finish consulting with the relevant DGs, and develop proposals to be approved by the MOT in 2007.

C. Consulting on Legal Input in MOT Matters. In addition to harmonizing, organizing and coordinating legal functions in the MOT, there is also a need to develop improved processes for handling review and input on legal issues. A weakness identified in the SOW, and confirmed in ITAP's observations throughout the year, is that the Legal Bureau is frequently only involved late in a drafting process on formal legislative matters. There is an absence of consultation on issues not related to drafting, such as negotiation, even where the negotiation results in drafting of agreements. To address this weakness and to systematize work on these matters, ITAP is developing recommendations on practical legal issues to the MOT in the form of memoranda. Many of these changes will flow naturally from the organizational changes proposed in the first two sections above.

D. Consulting on Improving Management and Administration of the Legal Bureau. Although there are important things that could be done to enhance the internal workings of the Legal Bureau, with this management in limbo since March 2006, it has not been possible to progress much. In the training portion of the Work Plan, ITAP suggests management training for the Director of the Legal Bureau and for the four Division heads, which should be held once the MOT determines the management of the Legal Bureau after the departure of its present Director. In addition to management training, we have observed that Legal Bureau managers might benefit from training in client relations and team building.

There also needs to be a career focus for the non-legal staff in the Legal Bureau. In order for the Legal Bureau to function well and be efficient, the support staff needs to be well trained and knowledgeable about their work. Two seminars were held for these support staff in 2006, which was the first time any of them had received such training.

E. Provide Training for Legal Bureau Lawyers and Staff. Most Legal Bureau lawyers are young, and thus have little experience practicing law. There are significant training needs that ITAP's legal team has addressed by focusing from entry level to medium and higher experience levels. The training has also addressed the three key components of legal capability: knowledge, skills and experience.

To build knowledge and skills, the training for the Legal Bureau includes formal courses (see Appendix 3), as well as informal training through such means as gaining experience by working on cases and drafting projects together, mentoring and coaching (see Appendix 2).

In 2006, ITAP lawyers conducted twenty-two formal seminars and workshops on various legal subjects for the MOT and five others for the public-private sector outreach. These seminars covered topics ranging from legal drafting of trade agreements, to a set of requested seminars on WTO topics of a basic and intermediate nature, to litigation. To assist Legal Bureau lawyers learn topics, weekly training series were held. The topic chosen was the basic issues of the WTO agreements, and a seven week series was conducted. Open discussion and many questions were part of these small and practical sessions.

ITAP's work during 2006 on its goal to strengthen the MOT's legal capacity and train the Legal Bureau has been influenced by several factors in relation to this overall goal:

- Most of the MOT's lawyers do not work in the Legal Bureau as they are scattered throughout the MOT without a single organization plan or coordination;
- Legal Bureau lawyers work almost exclusively on reviewing draft documents, agreements and regulations, which is their traditional function as part of the MOT's approval process;

- Legal Bureau lawyers are rarely involved in the DG's in consulting work, including certain areas ITAP has been asked to train upon and build capacity, such as WTO law.

A consequence is that, in order to prepare Legal Bureau lawyers to eventually take on such consulting work, which is what ITAP has been asked to do, it is necessary to train Legal Bureau lawyers in WTO law, but the MOT lawyers doing consulting work on WTO law tend to be in DGITC. Thus, ITAP lawyers have become involved with lawyers in that type of WTO consulting work with various directorates in DGITC such as Trade Defense and Rules. It also means that there is a lack of connection between the improved legal knowledge now held by Legal Bureau lawyers, and their ability to apply that knowledge to their work, since the other DGs do not (yet) ask the Legal Bureau to assist in those issues. This disconnect needs to be remedied by the MOT if ITAP's WTO training for the Legal Bureau is to become more useful.

ITAP's legal team recommended Legal Bureau lawyers for overseas training. ITAP assisted Bonita Oktriana, a member of the Legal Bureau, in planning her USA trip for the International Visitors Leadership Program (IVLP), which is a three week training visit sponsored by the U.S. Government, with her training program focused on learning about the U.S. trade policy system. She returned in late November after studying how trade law is developed and implemented in the United States.

Legal Bureau lawyers received considerable training and mentoring from ITAP lawyers, as well as support working in areas such as drafting, review of draft agreements and legislation, negotiations and other work. ITAP lawyers have been involved in ninety-four counseling and mentoring matters, involving actual cases or issues arising at the MOT (See Appendix 3). ITAP lawyers have been well integrated into the Legal Bureau's activities. With international-level legal expertise at hand, there is greater willingness from the MOT's DGs to seek assistance from the Legal Bureau. This has helped to improve morale within the Legal Bureau as clients who have never used their services are now coming for consultations. Examples of how ITAP has assisted the Legal Bureau – with each of its three principal client DGs - include:

- Assistance provided to the Legal Bureau and DG ITC on draft bilateral agreements with several countries, and a draft FTA with the D8 countries;
- Assistance provided to the Legal Bureau and DG Domestic Trade on: the draft investment law, the draft commercial law, and on new multi-level marketing regulations;
- Assistance provided to the Legal Bureau advising the DG Foreign Trade on: analysis of a proposed regulation concerning imports of carbon fluorocarbons (CFCs) and identifying international best practices relating to drafting of regulations with multiple previous regulations, and assistance on WTO notification requirements on import licensing.

ITAP recommended management training for the eventual Director of the Legal Bureau and the four Division heads, with plans to commence in 2006; however the management has been in limbo since March 2006.

During most of 2006, ITAP had only two of the budgeted four trade lawyers on the project. ITAP had hoped to augment the legal staff early in the year, but was asked to wait for suggestions from the MOT. After waiting for some months and in the absence of suggestions, ITAP advertised, and in the fourth quarter it hired two final members of its legal staff, one senior lawyer and one younger specialist. Clearly more training could have been done if the ITAP Legal Team had been fully staffed throughout the year.

F. Training for Non-Legal Bureau Lawyers in the MOT. In essence, all of the formal ITAP legal training for the Legal Bureau was also made available to other MOT lawyers, primarily seminars. Training in the form of mentoring and working together on cases with ITAP lawyers occurred

when non-Legal Bureau lawyers cooperated with the Legal Bureau in terms of case handling. Examples of how ITAP has assisted the MOT include:

- Assisted the Trade Defense Directorate lawyers and officials to negotiate first time ever request by Indonesia of compensation for a WTO violation (Philippine safeguards).
- Assisted the Trade Defense Directorate lawyers and officials to respond to overseas trade case disclosures, where WTO rights had been violated.
- Assisted Rules Directorate lawyers and officials to work with the Legal Bureau and Foreign Trade on Import Licensing WTO Notification.

ITAP has also identified areas where there is intense legal activity and is working to develop legal capacity there, for example, in the areas of the MOT's work with international trade remedies by KADI and the Trade Defense Directorate. The ITAP lawyers typically involved both Legal Bureau and KADI/Trade Defense lawyers in the cases and issues that arose. With ITAP assistance, these lawyers learned how to better identify and analyze legal issues, how to draft legal responses in trade cases, and in several cases ITAP lawyers were able to help MOT lawyers identify WTO issues that would not have otherwise been spotted. As noted above, one of these included the first claim ever for WTO compensation by Indonesia, in a safeguard case involving the Philippines.

G. Training for Non-Lawyers in the MOT. In June 2006, ITAP lawyers participated in a legal drafting seminar co-sponsored by the Legal Bureau and ITAP. Throughout the year, ITAP's legal team also delivered a significant series of WTO seminars, covering the basic and some intermediate level topics. At the request of the MOT, ITAP conducted seminars to support tasks of the DGITC (WTO Notifications, RTAs, and Import Licensing).

H. Training for IATF. There is a broad-ranging series of trainings needed on WTO law subjects in connection with the IATF. However, the needed seminars are also important for other parts of the MOT. Thus, this activity has been designed to strengthen the Legal Bureau and other MOT lawyers, IATF members and other MOT personnel's awareness and expertise in WTO subjects and subjects. In 2006, most WTO subjects commenced at a basic and intermediate level and will continue in 2007.

A powerful testament to the value of ITAP's legal training came during ITAP's December 5 - 7 Legal Seminar and Policy Roundtable on the WTO Agreement on Agriculture. One attending Indonesian expert was the former Minister of Agriculture, Dr. Bungaran Saragih, who reflected during his presentation at the seminar, that after listening for two hours of ITAP's WTO law seminar he had learned a lot and that if he had learned that information before becoming Minister, he would have been a better Minister.

I. Develop Legal Component for the MOT's Training Center. ITAP has recognized the need for a training element in legal matters for the MOT that will be in place after ITAP finishes, as there is currently no specific training curriculum for lawyers in the MOT and training solely on legal topics is not adequate. In order to meet these needs, ITAP began working with the Training Center to develop two types of legal trainings: legal training for all MOT lawyers; and legal training for non-lawyers. To date, training materials have been selected from ITAP's legal training library, starting with WTO legal trainings. ITAP is also working with the Training Center to identify new trainers, as the center does not currently have experienced lawyers on staff.

Communications and Public Outreach

ITAP's ultimate goal in public relations (PR) and communications is to enable the MOT personnel to effectively respond to stakeholders in a timely manner, to carry out a structured, value-added program, to develop clear and concise messages with checks and balances in place, and to regularly conduct evaluations for ongoing improvements. To date, the MOT has developed a structured, standardized program and each unit within the Ministry has solid familiarity with its stakeholders, including NGOs, academics, business associations and media. Over the past year, ITAP's primary challenge has been to help the MOT become proactive rather than reactive in its regular programming. Although the MOT provides policy dialogues with stakeholders, they are only conducted when there is a new policy to discuss with their stakeholders, rather than having a system in place to maintain ongoing communication with stakeholders. The MOT needs to work more closely with stakeholders to provide needed and timely information to benefit the private sector's decision making process. In response to these issues, ITAP has provided assistance to improve MOT personnel's understanding and communication with stakeholders through coaching, mentoring, workshops and seminars.

Over the past year, the Ministry has indicated its overall preference for coaching and mentoring as these sessions are more tailored to meet specific needs and resolve complex challenges. However, to provide valuable training to all involved MOT personnel, ITAP recognizes the necessity to also strategically facilitate seminars and workshops, particularly to those in echelon 1 and 2 levels. These broader trainings are effective in facilitating in-depth dialogues and discussions that shape participants' perceptions and expertise in public relations. The workshops and seminars have also found success in bringing thoughts together to determine effective messages for stakeholders.

A. Internal Strengthening of the Public Relations Bureau. In 2006, ITAP's communications specialist aimed to improve the skills of the PR Bureau staff. He provided them with materials, resources and expertise to effectively engage with media, NGOs, parliament, academics, and other related agencies and overseas trade counterparts. ITAP regularly coordinated training and guidance to ministry staff on preparing, maintaining and updating materials to disseminate to target audiences, such as Q&A documents, key messages, position papers, web-based communication vehicles (such as blogs), public service announcements and external materials like position statements, press releases and articles.

In response to recommendations by ITAP's communications specialist, the MOT also developed a daily media tracking system that summarizes the news for the Minister and echelon 1 and 2 levels. The information is emailed to them every morning by 10 am. Through this system, MOT personnel have been able to stay abreast on current events in Indonesia, especially when traveling out of the country. Additionally, the communications specialist recommended that the MOT issue a Q&A document on trade issues, which is now regularly disseminated and updated each month.

B. Trainings for the Public Relations Bureau. In 2006, 250 MOT personnel were trained on various public relations topics to build their capacity in public relations. Participants included the Minister of Trade, echelon levels 1, 2 and 3, and newly recruited officers. Based on regular evaluation reports, ITAP has found great success with the trainings, and the topics have proven to add value to ministry staff's activities. For future trainings, ITAP will take particular care to ensure event dates and times do not conflict with other events MOT personnel have scheduled.

In October, the communications specialist coordinated a PR training that was provided by the University of Indonesia, which was opened by the Secretary General. Echelon levels 1 and 2 gained thorough knowledge about PR concepts and strategies, including how to effectively prepare press releases with clear and concise messages.

The Communications Specialist also provided coaching and mentoring sessions to the Minister of Trade, Director General of Foreign Trade, Director General of Domestic Trade, Head of TRENDA, echelon levels 2 and 3 and the newly recruited MOT officers of the MOT. Through these sessions, participants engaged in active discussions about media relations, government relations, NGO relations, crisis management and trade policy dialogues. In one session, the communications specialist spoke about his experience in collaborating with the Commission V (Now I Commission VI-Trade and Industry) and shared strategies on how to engage parliament members. He also provided guidance on developing position statements and discussed communication techniques to effectively get their points across. Ministry personnel then shared specific challenges and issues they were facing, and as a group the participants developed strategies on how to effectively engage with the parliament.

Throughout the year, the communications specialist conducted monthly trainings and ongoing discussions with the PR Bureau. At the end of these events, mechanisms and tools were created to better manage the MOT's PR activities. Some of these tools included developing checklists for preparing media conferences and other big events, recording Q&A sessions for review and analysis, preparing summary reports after each event and analyzing each event's effectiveness in public outreach.

The PR Bureau now has a designated team responsible for preparing press releases and other informational materials. This team is comprised of four MOT employees who received extensive training by the communications specialist. Although the communication specialist continues to provide feedback on such materials before they are disseminated, the MOT is now competent and efficient in their production of these documents. Other units such as Foreign Trade, Domestic Trade and NAFED have also delegated personnel to take responsibility for preparing press releases and other information materials that the ITAP's communications specialist also provides feedback on. This is an outcome of regular coaching and mentoring by ITAP's Communications Specialist.

In future programming, ITAP will expand its regular coaching and mentoring to inter-related units within the Ministry of Trade, such as the Domestic and Foreign Trade Unit, on issues including relations with media, parliament, business associations and NGOs. Later, regular policy dialogue will be beneficial in providing clear information regarding Ministry of Trade's authority on certain commodities. In addition, ITAP plans to obtain more input from MOT personnel on seminar topics and the training programs to ensure their needs are directly met in capacity development. This input will be obtained from regular discussions with MOT and through quarterly surveys.

Taking into consideration the Minister's busy schedule, ITAP will be more proactive in inviting her to the shorter thirty minute to one-hour seminars / trainings. The Minister of Trade has expressed great appreciation for ITAP's capacity building activities and their effectiveness in honing MOT staff skills and knowledge, particularly those focused on EPA, educating stakeholders on Draft Investment Law, communicating the trade export exhibition, working with business associations, and media relations regarding essential goods, including rice, sugar, fertilizer, flour.

- C. Outreach Programs of the Ministry of Trade and other Related Directorates.** The PR Bureau aims to reach out to stakeholders of the Ministry to obtain thorough feedback from the general public. Effective and continuous dialogue with the public creates a positive image of the MOT, maintains regular information flows, and enhances understanding and positive support from Ministry of Trade. By preparing and conducting an effective and structured outreach program, the public has access to complete and accurate information about the MOT's policies. Dialogue on public policy is particularly important for stakeholders as many are currently unaware of the ministry structure. For example, although the Ministry of Agriculture determines how much rice will be purchased in Indonesia, the Ministry of Trade is responsible for issuing import licenses,

only after the policy on rice is determined by the Coordinating Minister of Economics who also coordinates with the Ministry of Agriculture. Public knowledge on how these internal mechanisms work is useful to stakeholders in approaching the appropriate ministry for necessary information.

In 2006, the ITAP's communications specialist successfully helped the MOT coordinate a meeting for the Minister of Trade to share the latest updates and developments of the investment law. Fifty foreign and local investors attended the meeting where the participants were fully engaged in active discussion. Outcomes of the meeting demonstrated the GOI's sincere efforts to resolve its internal issues with other governmental departments, and more importantly, to receive and take into consideration feedback on issues like labor, nationalization and tax that was provided by the investors.

After this meeting, the communications specialist met with key MOT personnel to discuss other ways to reach out to stakeholders about investment issues. This is an important issue because stakeholders have historically reported confusion due to inadequate information to the public, leading to higher inflation and widespread panic amongst stakeholders. Discussions resulted in plans to conduct more seminars on this issue with leading universities across the country, NGOs and the parliament.

During the annual World Bank and IMF meeting in Singapore, the communications specialist met with the Minister of Trade to discuss what messages to prepare regarding Indonesia's position in trade. This discussion was crucial for the Minister to prepare a consistent message to ensure investors fully understand the direction Indonesia's economy is going, and why Indonesia is an attractive country to invest in. This discussion was continued later at the meetings on Investor Day, where the Coordinating Minister of Economy, Minister of Finance, Minister of Trade and Governor of Bank Indonesia attended.

In 2006, the communications specialist did extensive work on communications related to the Japan Economic Partnership Agreement (EPA), a bilateral agreement between Indonesia and Japan. This included administering a training session on the EPA for seventeen personnel from the Public Relations Bureau (PR) at which the communications specialist explained the importance of communicating EPA benefits to external and internal stakeholders; how to convey such messages, and different approaches to use to ensure EPA information is effectively communicated. The communications specialist also oversaw an EPA-business association dialogue and press conference at the MOT for business associations in shoes, textiles and electronics where information was provided about the concept and how it will enhance Indonesia's competitiveness by increasing opportunities for trade, investment and job creation.

In addition, the communications specialist worked with the MOT and the Minister's Expert Staff for International Cooperation to prepare information on the EPA, including presentations, messages and other communication strategies targeted for business associations, academics, media and public opinion leaders. During this process, the Minister expressed her support for communicating information as effectively as possible about the EPA, especially considering the dormant WTO agreement. She also emphasized the importance of prioritizing bilateral FTAs with countries that have indicated interest in developing trade and investment agreements with Indonesia. In the first quarter of 2007, the MOT plans to continue EPA dialogue through meetings with journalists, meeting with editors, meeting with NGOs and dialogue with KADIN, which will be carried out in the first quarter of 2007.

Throughout the year, the Communications Specialist worked extensively with the DG of Domestic Trade to develop effective ongoing dialogue with the national supplier association and the various hypermarkets across the nation. As an outcome the DG of Domestic Trade followed ITAP's communication specialist's recommendations to better structure his meetings using a PowerPoint presentation, and presenting information, issues, explanations and solutions in a

consistent format using concise language. Another result of the discussions was the DG's agreement to review and reconsider listing fees and trading terms that business associations have identified as burdensome and / or unreasonable.

As a final outcome for 2006, The Minister of Trade has agreed to conduct an "exposé" for each ministry unit to inform the media about 2006 achievements, unfinished tasks and upcoming plans for the next year. In 2006, the Director General of International Trade Cooperation successfully carried this out and will be followed by the DG of Foreign Trade, Domestic Trade, NAFED, COFTRA and TRENDA in early 2007.

Human Resources and General Training

ITAP has identified human resources (HR) and general training development as top priorities in the MOT. To manage the work force effectively, the MOT must take steps to modernize its HR operations and instill more staff knowledge and expertise in performance-based management systems. While the MOT has agreed on this need, the challenges in implementing this task lie in its institutionalized culture favoring patronage over objective assessment, which is a system that does not provide effective performance incentives, has a convoluted remuneration system, and a disciplinary system that appears to be dysfunctional. ITAP has been working with the MOT to address the essential components in an efficiently run, performance-based human resource system in combination with general capacity building trainings intended for all MOT personnel.

A. HR Policies and Procedures. ITAP worked with the Training School to identify its strategies, operations issues as well as its needs. To gain better understanding on the MOT's existing system and practices in human resource management, the HR/Training specialist gathered the relevant laws and regulations pertaining to civil servants, with the intention to identify alternative approaches to overcome policy and regulatory issues that are beyond the immediate control of MOT. Although the study is still underway, a preliminary report has been completed.

The HR/Training specialist also entered into an initial discussion with officials of the Bureau of Personnel and Organization regarding an HR Blueprint/Map for the MOT that was developed with the assistance of the Management Institute of the University of Indonesia. In December 2006, the Bureau conducted a seminar to present the results of the study to the HR people from the other units, which ITAP's HR specialist attended as an observer. In essence, the content of the blueprint includes: HR Strategic Objectives, HR Strategic Target, HR Strategy, HR Priority Program, HR Action Plan and Success Indicators.

B. Training and Education. In 2006, training and education was a top priority to increase the MOT's organizational knowledge, effectiveness and efficiency. ITAP provided support to the Bureau of Personnel and Organization and to the Education and Training Center by providing competency-based training, general training, train-the-trainers classes, consultations and mentoring. To increase capacity at the training center, training needs assessment forms were distributed to the employees of the Bureau of Personnel and Organization. The questionnaires were collected, analyzed and a training calendar was developed based on the results.

ITAP coordinated the following training and education programs in 2006:

1. Train-the-Trainer. Two train-the-trainer programs for the training instructors (Widyaiswara) took place at the Center for Trade Education and Training. The first focused on improving the presenters' organization, delivery and effectiveness in leading training programs. The second focused on preparing trainers to teach a weekly English course for approximately twenty

young MOT employees, focusing on using economic and trade terms to expand participants' vocabulary, comprehension, and spoken English.

- 2. English Courses.** ITAP coordinated three English classes for MOT personnel. First, the Academic English course program began in early November to improve the TOEFL scores of otherwise qualified candidates for the MITP program. Classes are taught twice a week for fifteen registered participants, and are facilitated by the language center at the University of Indonesia. Second, the General English course, also facilitated by the University of Indonesia was developed for echelon level 3 personnel with minimal English language skills. The program started in late December with twenty-seven registered students. Throughout the course, instructors faced the challenge of low attendance, with only half enrolled students regularly attending class. Instructors have taken action by issuing out severe warnings to all involved students that if they do not attend class, they will fail and not be admitted to future Academic English courses. Third, the Academic English course program began in late December with seventeen participants, facilitated by the Executive English Program. This program has the same agenda as the Academic English course held in Jakarta and was designed specifically for the Directorate of Metrology in Bandung and other MITP candidates that are unable to commute to the regular classes in Jakarta.
 - 3. WTO and Trade Remedies.** Five sessions were held on the WTO and trade remedies for provincial government officials and the private sector in the regions. Future trainings on these topics will be held in Surabaya and Yogyakarta, facilitated by ITAP's legal team as lead facilitators. While attending the training sessions conducted by the Trade Lawyers, the training center instructors expressed their interest in conducting the same training. The HR/Training specialist responded to this by coordinating the training center instructors and ITAP's legal team with Chemonics STTA Marykate Dougherty, Director of Corporate Training at Chemonics, to adapt legal trade training modules.
 - 4. Lectures.** ITAP advisors presented two lectures on various aspects of the WTO for the MOT's Leadership III Training Course. ITAP advisors taught subjects on WTO, International Trade Cooperation, Negotiation Skills, International Trade Techniques, Export-Import, Legal drafting.
 - 5. HR Management.** The ITAP's HR Training specialist coordinated the HR Weekly Internal Courses on HR Management in December. The fourteen participants are newly recruited employees of the Bureau of Personnel and Organization. Objectives of the course are to familiarize the employees of the Bureau to the concept and practices of generally accepted human resources management. Participants will discuss general HR work issues, including the work system, recruitment, selection and staffing, training and development, career management, performance measurement system, termination and outplacement program. In addition, special HR topics will be discussed, including strategic HR management, competency-based HR management and HR Scorecard. Every class includes active participation with in-depth discussions about how each topic is being implemented within the MOT. Not only are these discussions useful in daily work, but participants utilized the classes as an opportunity for them to voice their visions for the MOT.
- C. Career Planning & Development.** ITAP is working with the MOT to develop a Career Planning and Development program to motivate employees to work more effectively, including opportunities for upward mobility in their career paths. More work in this area will be conducted in 2007.

Accrual Report

**Chemonics International, Inc. and
The International Center for Economic Growth, The Kaizen Company, Elan International**

A Task Order Proposal Under the Support for
Economic Growth and Institutional Reform (SEGIR)
Commercial, Legal and Institutional Reform (CLIR II) IQC
Contract No. AFP-I-00-04-00002-00 - RFP No. Indonesia 05-019

ITAP Project Budget Update – February 2007

Budget Line Item*	Project Budget	ACTUAL and ACCRUED Expenses Through End of Q107						
		ACTUAL Expenses Through end of Q4FY06	ACTUAL and ACCRUED Expenses Q107				Total	Total
			1st Month	2nd Month	3rd Month	Total		
			Oct-06	Nov-06	Dec-06			
Labor	5,950,1390	1,128,672	174,189	119,954	88,913	383,056	1,511,728	
Travel/Transportation	480,562	112,337	4,352	16,599	4,006	24,957	137,294	
Allowances	976,160	235,252	46,616	23,305	23,265	93,186	328,438	
Other Direct Costs	588,547	108,944	12,291	7,783	3,496	23,570	132,514	
Equipment, Vehicles and Freight	101,269	16,976	152	630	150	932	17,908	
Strategic Activities Fund	4,950,000	127,459	14,802	109,993	45,000	169,795	297,254	
Subcontracts	109,027	15,719	15,188	-	-	15,188	30,907	
G&A	288,223	29,673	3,736	6,332	5,948	16,016	45,689	
TOTAL	13,443,927	1,775,031	271,326	284,596	170,778	726,700	2,501,731	

Appendix 1

TREDA and IATF Trainings, Seminars and Mentoring

A. Training Courses on Negotiation Free Trade Agreement

Date	Training Topic	Participants	Guest Presenter
April 5	Before the Negotiations Begin	13	N/A
April 12	APEC Best-Practice Principles	10	Bachrul Chairi-DGITC Secretary
April 20	Trade in Services I	27	Pierre Sauve – AU/TSP Consultant
April 26	Trade in Goods	11	Dr. Andin-Director BCRC
May 1	Trade in Services 2	24	Pierre Sauve – AU/TSP Consultant
May 3	Rules of Origin	17	Riganto B. Yosokumoro – Minister's Staff
May 10	Trade Facilitation	11	Harmen Sembiring – Director of Export / Import Facilitation
May 17	Trade in Services 3	10	Yamanah – Acting Director, Multilateral Cooperation, DGITC
May 24	Investment	7	N/A
May 31	Business Mobility	9	N/A
June 7	Government Procurement	6	Dr. Stephen Marks – ITAP Consultant
June 14	The Rest of the Agreement	5	Greg McGuire - AusAID
June 21	Entry into Force	8	Jully Tambunan – Export / Import Office, FTRC TREDA

B. Training Courses on Development, Trade and the WTO

Date	Training Topic	Participants	Guest Speaker
July 12	Introduction, the Gains from Trade, Patters of Trade and Trade Theories	17	Ganef Judawate – Head of the Division of Cooperation, FTRC TREDA
July 19	The World Trading System and the WTO Agreements	27	Simon L:acey – ITAP Consultant
July 25	Market Access and the WTO Industrial Policy	12	Arlinda – Head of Goods Market Access, DGITC
Aug. 2	Agriculture and the WTO	21	Arlinda – Head of Goods Market Access, DGITC
Aug. 9	Liberalization of Services in Developing Countries	12	Yamanah – Acting Director, Multilateral Cooperation, DGITC
Aug. 23	The Trading System and Developing Countries,, Regionalism and Multilateralism	10	N/A
Aug. 30	Trade Facilitation, Standards, Regulation and Trade	10	N/A
Sept. 6	Intellectual Property Protection; Foreign Direct Investment	11	Yamanah – Acting Director, Multilateral Cooperation, DGITC

C. On-the-Job Economic Research Training on Trade Policy Analysis-Nominal Adjusted Rate of Protection

Date	Workshop Topic	Participants	Remarks
June 8	Palm Oil – Session 1	4	1 st session – Basic theory of Nominal adjusted rate of protection
June 13	Palm Oil – Session 2	4	2 nd session – calculating the NRP for palm oil
June 19	Cocoa – Session 1	27	1 st session – Basic theory of nominal adjusted rate of protection; discussion on assignment question
June 22	Cocoa – Session 2	22	2 nd session – Calculating the NRP for cocoa discussion on assignment answer
June 26	Sugar – Session 1	24	Discussion on sugar assignment on answer Supply, Demand and Welfare Economy Theory
June 29	Sugar – Session 2	15	Discussion on 2 nd assignment and calculating nominal rate of protection.
July 3	Sugar – Session 3	23	Continuation on sugar and issues on rice and kerosene
July 6	Sugar – Session 4	21	Continuation on sugar and issues on rice and kerosene

D. Workshop on the WTO and Multilateral Trading System (with EU/TSP Program)

Date	Workshop Topic	Participants	Guest Speaker
Sept. 11	WTO law, institutions and agreements	32	James Lockett, Simon Lacey, Erick Lestario – ITAP
Sept. 12	Trade Remedies: anti-dumping, subsidies and countervailing measures and safeguards	30	Hylke Vandenbussche – EU/TSP Program
Sept. 13	WTO dispute settlement	27	James Lockett, Simon Lacey, Erick Lestario – ITAP
Sept. 14	Trade related investment measures	27	Hylke Vandenbussche – EU/TSP Program
Sept. 15	Trade related intellectual property rights	27	David Weinstein

E. Workshop on WTO General Agreement on Trade in Services and Regional Agreements on Trade in Services (with the World Bank Institute)

Date	Workshop Topic	Participants	Remarks
Sept. 19 Module 1	The WTO General Agreement on Trade on Trade in Services	43	Carsten Fink – World Bank Institute (WBI)
Sept. 19 Module 2	The Scheduling of Services Commitments	43	Sherry Stephenson – ITAP
Sept. 19 Module 3	Doha Round Services Negotiations	43	Johannes Bernaabe – International Center for Trade and Sustainable Development (ICTSD) –
Sept. 20 Module 4	Sectoral Agreements and Proposals	42	Carsten Fink – WBI
Sept. 20 Module 5	The Temporary Movement of Natural Persona	42	Johannes Bernaabe – International Center for Trade and Sustainable Development (ICTSD)
Sept. 21 Module 6	Services in Regional Trade Agreements	46	Sherry Stephenson – ITAP Carsten Fink – WBI Johannes Bernaabe – ICTSD

F. Inter-Agency Roundtable on Developing Strategies in Trade in Services Negotiations (with World Bank Institute)

Session	Subjects covered	Guest Speaker
1	Opening Remarks	I Made Gdae Erata – Head of the Coordinating Team on Services, Directorate General of Financial Institutions, Ministry of Finance
2	Review of current status of Doha Development Negotiations on Trade in Services	Carl Fink – World Bank Institute
3	Review of current practices and structures of bilateral and regional free trade agreements and negotiations on trade in services	Sherry Stephenson, ITAP
4	Review of Indonesia's export and import interest in services	Johannes Bernabe – International Center for Trade in Sustainable Development (ICTSD)
5	Roundtable discussion with members of the National Technical Negotiating Team Committee on Services	Sherry Stephenson, ITAP Carl Fink – World Bank Institute Johannes Bernabe – (ICTSD)

G. Interagency Roundtable on Current IPR Issues in the WTO Doha Development Round Agenda

Session	Subjects covered	Guest Speaker
1	Opening Remarks	Martua Sihombing – Head of Trade Defense, DGITC, Ministry of Trade
2	Geographical Indication: TRIPS Article 23 and Article 24	David Wenstein – ITAP Consultant
3	TRIPS, Biodiversity and Traditional Knowledge	David Wenstein – ITAP Consultant
4	Non-Violation and Situation Complaints	David Wenstein – ITAP Consultant
5	Roundtable discussion with members of the National Technical Negotiating Team Committee on IPR	David Wenstein – ITAP Consultant

H. Mentoring — Number of TREDATA Economic Papers Reviewed / Consulted

Session	Subjects covered	Number
Quarter 2	<ul style="list-style-type: none">• Sugar, cocoa, palm oil trade policy analysis (tax regulation, duties, welfare analysis).• Short term forecasting methodologies• Proposal development strategies for 2006 and 2007 program• Scope of Indonesia – EFTA FTA Negotiations• Competitiveness of Indonesian Products in Development Markets	8
Quarter 3	<ul style="list-style-type: none">• Cocoa, commodity competitiveness – trade policy analysis• Sugar, textile, rice – methodology• Sugar, ceramics, six research proposal developments – proposal / report writing.	12

Appendix 2

ITAP's Legal Seminars and Trainings in 2006

In 2006, the ITAP Legal Team held thirty-four training sessions and seminars with various parties in the MOT:

- **27 legal seminars** (incl. "2006 Legal Seminar Series"), either for the MOT or legal seminars for public-private sector outreach;
- 904 persons (378 female, 526 male) participating in the 27 seminars;
- 22 of 27 seminars given to MOT lawyers and officials;
- 672 persons (299 female, 373 male) participating in the 22 MOT seminars;
- 5 of 27 seminars given in the Public-Private Sector outreach;
- 184 persons (48 female, 136 male) participating in the 5 legal outreach seminars;
- **7 weekly training meetings** for the Legal Bureau;
- 48 persons (31 female, 17 male) participating in the 7 training meetings;

Legal Seminars in Trade Capacity Building	
1	WTO Trade Remedies Laws Mar. 7
2	Development of An AD/CVD/SG "Early Warning System" Mar. 8
3	WTO Law and Institutions May 5
4	WTO Doha Development Round May 19
5	Workshop on the Drafting of International Trade Agreements Jun. 22
6	Legal Aspects of the WTO Agreements Jul. 31
7	WTO Anti-Dumping Agreement Aug. 3
8	WTO Dispute Settlement Aug.10
9	Paralegal and Support Staff Training Aug. 11
10	WTO Agreement on Subsidies and Countervailing Measures – Law and Practice Aug.24
11	WTO Law on Safeguard Measures Aug. 31
12	WTO Law: Agreements and Institutions Sep. 11
13	WTO Dispute Settlement Sep. 13
14	WTO Notifications Sept. 19
15	Regional Trade Agreements under the WTO Sep. 20
16	WTO TRIPS Agreement Sep. 21
17	WTO Notifications For Import Licensing Sep. 25
18	TRIPS in Regional Trade Agreements Oct. 4
19	Litigation Training Oct. 11-12
20	WTO Agreement on Import Licensing Procedures Nov. 30-Dec. 1
21	WTO Agriculture Agreement Dec. 5-7
22	Legal Drafting Dec. 14

Legal Bureau Training Series: Trade Capacity Building

1	Indonesia Automobile Case (Overview and Procedural Issues)	Jul. 11
2	Indonesia Automobile Case (MFN and NT)	Jul. 20
3	Indonesia Automobile Case (TRIMS)	Jul. 24
4	Indonesia Automobile Case (Subsidies)	Jul. 28
5	WTO Law: Functions and Agreements	Aug. 1
6	The WTO Anti-Dumping Agreement	Aug. 8
7	WTO Dispute Settlement	Aug. 15

ITAP Public-Private Sector Legal Seminars Presented in 2006: Improving Trade Environment

1	Defending Overseas Unfair Trade Cases (Semarang)	Apr. 27
2	Defending Overseas Unfair Trade Cases (Medan)	Jun. 14
3	WTO Trade Policy Review Mechanism	Sep. 20
4	Legal Aspects of the WTO Agreements	Sep. 22
5	WTO Law: Basic WTO Legal Principles	Nov. 8

Appendix 3

Legal Counseling, Advice and Mentoring Provided in 2006

In 2006, the ITAP Legal Team held ninety-four consultations / mentoring sessions with various parties in the MOT:

- **94 legal consultation/mentoring training sessions** for various parties in the MOT;
- 274 personal training sessions in terms of mentoring, advising and assisting in cases or issues (149 females; 125 males).

No.	Date	Type of Legal Counseling	Participants	Gender
1	Jan. 24	Counseling Legal Bureau (LB) lawyers on draft proposals from Australia and New Zealand under a proposed dispute settlement framework being developed with ASEAN, and advice to them on dealing with draft proposals and development of a model for similar issues.	3	3 Females
2	Jan. 25	Counseling International Trade Law Division lawyer on a proposed Presidential decree, implementing an ASEAN decision, and advice that the review also needed to consider not only Indonesian law but also ASEAN law and its impact of the implementation by Indonesia.	1	1 Female
3	Jan. 30	Advice to two members of the International Trade Law Division and a DGITC official on WTO issues under Article XXIV(6) about the 2005 accession to the EU of ten new member countries, and certain tariff increases for some Indonesian products that had resulted in those countries as a result of EU accession, and that it is settled WTO law that compensation is owed for such tariff increases.	3	2 Females, 1 Male
4	Feb. 1	Counseling Legal Bureau (LB) lawyers on intellectual property rights (IPR) issues in a Free Trade Agreement (FTA) between Thailand and Indonesia, and advice to them on dealing with draft proposals.	4	4 Females
5	Feb. 1	Counseling LB lawyers on a framework for analyzing dispute settlement clauses in FTA between ASEAN countries and Australia/New Zealand.	2	2 Females
6	Feb. 2	Counseling on anti-dumping investigation by South Africa against drawn and float glass from Indonesia. Preliminary determination found no causal link between dumping and injury, but South Africa changed mind at last minute.	4	2 Females, 2 Males
7	Feb. 3	Continued counseling on South African dumping case, and review of draft letter to authorities.	4	2 Females, 2 Males
8	Feb. 4	Counseling to LB lawyer in relation to panelist issues in ASEAN dispute settlement cases.	1	1 Female
9	February 7	Advice on RSA dumping case, regarding procedures for hearings and follow-up on handling of responses.	5	3 Females, 2 Males
10	Feb. 9	Meeting with Office of Trade Defense on overall handling of over 120 foreign trade remedy cases, and also advice and counseling on countervailing duty (CVD) and antidumping (AD) cases.	6	2 Females, 4 Males

No.	Date	Type of Legal Counseling	Participants	Gender
11	Feb. 13	Meeting concerning Philippines safeguard case, and discussion of options under WTO and ASEAN dispute settlement systems.	4	2 Females, 2 Males
12	Feb. 14	Meeting concerning US trade proceeding rules pertaining to confidentiality, and counseling regarding withdrawal by Indonesian exporter.	4	1 Females, 3 Males
13	Feb. 15	Review of draft letter opinion on pending issues in US CVD case; counseling on correct advice on confidentiality rules and implications of withdrawal.	5	3 Females, 2 Males
14	Feb. 15	Advice and counseling on WTO Safeguard Agreement relating to compensation for safeguard extensions.	4	2 Females, 2 Males
15	Feb. 16	Advice and counseling on response to Philippine safeguard consultation request.	3	1 Female 2 Males
16	Feb. 20	Consult on WTO Safeguard Agreement issues and ASEAN rules on safeguards.	2	2 Females
17	Feb. 20	Consult on possible AD “Early Warning System”, and training Legal Bureau lawyers on AD law.	2	2 Females
18	Feb. 21	Review of training materials on AD and CVD law. Consult on Early Warning system.	6	2 Females, 4 Males
19	Feb. 23	Consult with Legal Bureau Litigation Division concerning an important case involving imports of sugar, and particularly the anti-monopoly aspects of the case.	1	1 Male
20	Mar. 2	Counseling Legal Bureau (LB) lawyers in Domestic Trade Law Division on draft regulation on hypermarkets.	2	1 Female, 1 Male
21	Mar. 2	Counseling LB lawyers in Domestic Trade Law Division on possible regulation and pending case differentiating between pyramid marketing schemes and legitimate multi-level marketing businesses.	2	2 Male
22	Mar. 7	Training and mentoring for Legal Bureau on Anti-dumping and Countervailing duty law.	3	3 Female
23	Mar. 13	Meeting with Pak Djunari of Legal Bureau - discussions on legal issues within MOT and processes of review in Legal Bureau	1	1 Male
24	Mar. 16	Meeting with Ibu Mini of Legal Bureau - discussions on legal issues within MOT and processes of review	1	1 Female
25	Mar. 20	Advice on D-8 Preferential Trade Agreement with Ibu Mini, Nuni of Legal Bureau	1	1 Female
26	Mar. 23	Discuss with Pak Lulu of Domestic Law Div on KPPU decision on Distribution of Goods (Semen Gresik case)	1	1 Male
27	Mar. 27	Attending meeting of MOT with MFA on D-8 Preferential Trade Agreement	2	2 Females
28	Mar. 28	Meeting with MOT LB on Framework Agreement with Singapore.	3	3 Females
29	Mar. 28	Meeting with Ibu Mini of Legal Bureau on draft work plan and advice on how LB operates in terms of work processes	1	1 Female
30	Mar. 29	Meeting with MOT and counseling on Philippine Safeguard case	4	2 Females , 2 Males

No.	Date	Type of Legal Counseling	Participants	Gender
31	Apr. 3	Counseling Legal Bureau (LB) on training needs in 2007.	1	1 Female
32	Apr. 5	Meeting with CoFTRA Legal Bureau to discuss possible Work Plan items.	4	1 Female, 3 Males
33	Apr. 5	Drafting of memorandum on recommendations for regulatory language relating to MLM and illegal pyramid schemes and money games, and review with LB lawyer.	1	1 Male
34	Apr. 6	Meeting with LB and Trade Defence Directorate on compensation issues relating to Philippine safeguard case.	6	2 Females, 4 Males
35	Apr. 6	Advice to Legal Bureau on regulatory language relating to MLM and illegal pyramid schemes and money games.	2	2 Males
36	Apr. 7	Advice to LB lawyer on wording concerning draft Agreement on Special Economic Zones with Singapore.	1	1 Females
37	Apr. 7	Advice to Legal Bureau lawyers on WTO DSU procedures for handling of cases where a third country refuses to comply with its WTO obligations, and options Indonesia has under Articles 21 and 22 of the WTO DSU.	2	2 Females
38	Apr. 11	Consultation with LB and Trade Defense Directorate on safeguards on ceramics by the Philippines	9	3 Females, 6 Males
39	Apr. 17	Review with LB of the Semen Gresik – KPPU competition law case.	1	1 Male
40	Apr. 17	Consult with LB concerning drafting issues pertaining to imports of CFC, and attend drafting meeting.	6	4 Females, 2 Males
41	Apr. 25	Assistance for LB and Trade Defense in preparing response to disclosure in a dumping case with South Africa, and meeting with LB and Trade Defense to assist in explaining the suggestions.	5	3 Females, 2 Males,
42	Apr. 26	Discussion with LB on strict liability for Draft Law of Commerce Law.	2	2 Males
43	Apr. 27	Consultation on follow-up to Philippine safeguard negotiations.	4	2 Females, 2 Males
44	Apr. 28	Discuss with LB about notification procedures in the WTO TBT Agreement pertaining to standards regulation – for the Draft Law of Commerce.	1	1 Male
45	May 2	Counseling Legal Bureau (LB) and Trade Defense consulting on questionnaires in trade remedies, and compensation procedures for safeguard measures.	4	2 Females, 2 Males
46	May 3	Meeting with Legal Bureau on regulation on the verification of forestry product and rattan, and assist in contract drafting items.	2	2 Females
47	May 4	Consultation with LB on draft Commercial Law	1	1 Female
48	May 4	Meeting with LB and Trade Defense for consultancy on compensation procedure for safeguard.	4	2 Females, 2 Males
49	May 9	Meeting with LB to discuss draft Commercial Law	2	2 Male
50	May 16	Meeting with LB and Trade Defense on Philippine safeguard case	5	2 Females, 3 Males
51		Meeting with LB and Trade Defense on CVD hearings	6	2 Females,

No.	Date	Type of Legal Counseling	Participants	Gender
				4 Males
52	Jun. 5	Counseling Legal Bureau (LB) on draft Japan-Indonesia Free Trade Agreement (FTA). Met with the Legal Bureau, reviewed the draft, discussed the issues relating to dispute settlement with them, and developed comments and suggestions for the Legal Bureau lawyers, discussed them with the LB.	2	2 Female
53	Jun. 6	Meeting with Legal Bureau on Japan-Indonesia FTA, and reviewed comments for submission into the negotiation process.	3	3 Females
54	Jun. 20	Meetings with Legal Bureau to assist in review of Joint Communiqué on FTA with Singapore, and preparation of draft language to review.	3	3 Females
55	Jun. 21	Meetings with Legal Bureau to assist in review of Joint Communiqué on FTA with Singapore.	3	3 Females
56	Jun.21	Assisting the Legal Bureau in drafting and reviewing a draft Rules of Origin Subcontracting Agreement with a state-owned surveyor company.	1	1 Female
57	Jun. 23	Assisting the Legal Bureau in drafting and reviewing a draft Rules of Origin Subcontracting Agreement with a state-owned surveyor company.	1	1 Female
58	Jun. 23	Assisting the Legal Bureau in drafting and reviewing a draft Trade Dispute Resolution Agreement with the People's Republic of China	2	2 Females
59	Jun. 26	Consultation with Legal Bureau on drafts of Commercial Law and Investment Law.	2	2 Males
60	Jun. 29	Consultation on the main issues and understanding of Technical Barrier under WTO for Legal Bureau's 2007 seminars	1	1 Female
61	Jun. 29	Meeting with Pak Irpan, Head of Litigation Division of the Legal Bureau, to discuss about the coming seminars on litigation and counseling on litigation process.	1	1 Male
62	Jul. 10	Meeting with Legal Bureau on the issue of conflict between Art. III GATT with the Subsidy Agreement.	3	3 Females
63	Jul. 12	Meetings with Legal Bureau and review of draft letter from MOT to Japanese investor on international and Indonesian IP issues.	4	4 Females
64	Jul. 13	Meeting with the Head of KADI on ITAP Seminars and discussion on draft law for trade remedies.	1	1 Male
65	Jul. 27	Reviewed draft ASEAN Agreement on conformity standards with Ibu Lasminingsih of the LB and consulted on needs for evaluation.	1	1 Female
66	Jul. 27	Consultation with the Litigation Division of the LB concerning a draft dispute settlement agreement between COFTRA and Batavia Futures.	1	1 Male
67	Jul. 28	Meeting with Directorate of Trade Defense on an antidumping proceeding in South Africa affecting Indonesian exports, and consideration of response to disclosure of "essential facts" in the South African proceeding.	8	3 Females, 5 Males

No.	Date	Type of Legal Counseling	Participants	Gender
68	Aug. 1	Meeting with Ibu Lasminingsih of LB on international aspects of free trade zones, and identification of legal issues pertaining to TRIMS, Subsidies Agreement, customs, tax, and international commercial law aspects.	1	1 Female
69	Aug. 2	Meeting with Directorate of Trade Defense on an antidumping proceeding in South Africa affecting Indonesian exports, and consideration of response to disclosure of “essential facts” in the South African proceeding.	2	2 Males
70	Aug. 3	Meeting with Pak Djunari, the Head of Legal Bureau, on the issues relating to the implementation of the Investment Law and the function of the BKPM (Badan Koordinasi Penanaman Modal – <i>Investment Coordinating Board</i>) in applying investment rules and requirements, and advice to him on compliance with WTO TRIMS and Services Agreements, particularly in relation to audio-visual sector.	1	1 Male
71	Aug. 4	Follow-up meeting with Legal Bureau and review of draft letter from MOT to Japanese investor on international and Indonesian IP issues.	1	1 Female
72	Aug. 7	Meeting with Directorate of Trade Defense on an antidumping proceeding in South Africa affecting Indonesian exports, and assist in drafting of response to disclosure of “essential facts” in the South African proceeding.	2	2 Males
73	Aug. 11	Meeting with Ibu Lasminingsih of LB concerning request from DGITC for review of three draft MOUs between Indonesia and the People’s Republic of China, and review of the three drafts. Mentoring of head of International Trade Law Division on the distinction between MOUs and Agreements, and review of appropriate language for each type of document.	1	1 Female
74	Aug. 14	Consultation with Ibu Lasminingsih and her staff of LB concerning request from DGITC for review of three draft MOUs between Indonesia and the People’s Republic of China, and review of the three drafts. Review of drafts with LB International Trade Law Division staff.	5	1 Male and 4 Females
75	Aug. 24	Meeting with LB and DGITC on questions relating to Indonesia’s involvement in WTO Trade Policy Review, in relation to compliance issues.	4	2 Females, 2 Males
76	Aug. 31	Meeting with LB and DGITC on questions relating to Indonesia’s involvement in WTO Trade Policy Review, in relation to notification issues.	4	3 Females, 1 Male
77	Sep. 4	Met with DGITC on questions concerning the Indonesian Trade Policy Review submission and meetings.	2	1 Female, 1 Male
78	Se. 5	Met w/ DGITC on questions concerning Free Trade Agreements.	2	2 Females
79	Sep. 14	Met with Trade Defense to discuss border measures and IP issues, plus ongoing cases.	9	1 Female, 8 Males

No.	Date	Type of Legal Counseling	Participants	Gender
80	Sep. 25	Meeting with LB and DGFT on Import Licensing WTO Notification.	9	6 Females, 3 Males
81	Sep. 27	Meeting with LB on Import Licensing WTO Notification.	2	2 Females
82	Sep. 28	Consult with ITC on Import Licensing WTO Notification.	1	1 Female
83	Sep. 29	Meeting with LB on Import Licensing WTO Notification.	1	1 Female
84	Oct. 5	Consult with LB on WTO Notification for import licensing.	9	5 Females, 4 Males
85	Oct. 17	Consultation with Anti-Dumping Committee of Indonesia (KADI) on necessary changes in regulations to comply with WTO Anti-Dumping Agreement, and research on ministerial decree versus regulation.	11	5 Females, 6 Males
86	Oct. 30	Meeting with LB on legal drafting issues for domestic regulation.	1	1 Male
87	Nov. 3	Consult with Directorate for Trade Defense about EU Safeguard cases.	3	1 Female, 2 Males
88	Nov. 8	Consult with Directorate for Trade Defense on new dumping and subsidy cases and key issues on which to focus, especially exporter cooperation.	3	1 Female, 2 Males
89	Nov. 15	Drafted memo for Legal Bureau and consulted with the Legal Bureau on distribution matters issued by KPPU (Indonesian Antimonopoly Body) and the possible conflicts with policies of MoT.	1	1 Male
90	Nov. 22	Meeting on hypermarket issue, and preparation of research topics for DG for Domestic Trade.	1	1 Male
91	Nov. 27	Research on comparative national laws relating to modern markets, relating to request from DG for Domestic Trade.	1	1 Male
92	Nov. 28	Meeting with Legal Bureau to discuss and review research on comparative national laws relating to modern markets, relating to request on hypermarket research from DG for Domestic Trade.	1	1 Male
93	Nov. 29	Prepared materials on hypermarket laws/regulations for meeting with DG Domestic Trade.	1	1 Male
94	Dec. 4	Met with Pak Seno of DG Domestic Trade regarding hypermarket regulation/policies. Advice on various approaches in regulating hypermarkets in Europe, Malaysia and Thailand.	4	4 Males
TOTAL			274	149 females 125 males